

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

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In re : Chapter 9  
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CITY OF DETROIT, MICHIGAN, : Case No. 13-53846  
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Debtor. : Hon. Steven W. Rhodes  
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**FINANCIAL GUARANTY INSURANCE COMPANY'S JOINDER IN  
SYNCORA'S RESPONSE IN OPPOSITION TO ATTORNEY GENERAL'S MOTION  
TO QUASH SUBPOENA TO DEPOSE ATTORNEY GENERAL BILL SCHUETTE**

Financial Guaranty Insurance Company ("**FGIC**"), a creditor and party in interest in the above-captioned case, by and through its undersigned counsel, hereby joins in *Syncora's Response in Opposition to Attorney General's Motion to Quash Subpoena to Depose Attorney General Bill Schuette* [Docket No. 5434] (the "**Response**").

In support of this joinder, FGIC adopts and incorporates the arguments in the Response in their entirety as if fully set forth in this joinder. In addition, FGIC respectfully submits as follows:

1. FGIC is objecting to the DIA Settlement<sup>1</sup> on the grounds that it provides for the transfer of the DIA Assets in exchange for unreasonably-low consideration. (*See Objection of Financial Guaranty Insurance Company to Plan for the Adjustment of Debts of the City of Detroit* [Docket No. 4660] at § I.A.) In order to adequately present and defend this argument at the Confirmation Trial, FGIC needs access to all of the information relevant to the

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Response.

City's decision to enter into the DIA Settlement. The City has indicated that this decision was influenced, in large part, by the AG Opinion. (*See* Reply ¶ 38.) Although FGIC can scrutinize the legal conclusions set forth in the AG Opinion, only the Attorney General himself can provide insight into the facts he considered, and the sources on which he relied, in reaching those conclusions. Given the importance of the City's reliance on the AG Opinion, and the centrality of the DIA Settlement to the Plan (*see* Reply ¶¶ 2, 29 (referring to the DIA Settlement as "the heart of the City's settlements" and a "cornerstone of the Plan")), it is essential that FGIC depose the Attorney General to obtain this information.

2. The Attorney General cannot hide behind his status as a government official and claims of privilege to deprive FGIC and other objectors of the information they need to present their cases to the Court, particularly given that the Attorney General has personally communicated his endorsement of the DIA Settlement to the Court. (*See* Letter from Attorney General Bill Schuette to Hon. Steven W. Rhodes, dated June 10, 2014, attached hereto as **Exhibit 1**.) Under these extraordinary circumstances, a one-day deposition of the Attorney General regarding the facts and sources underlying the AG Opinion is more than justified.

WHEREFORE, for the reasons set forth in the Response and above, FGIC respectfully requests that the Court (i) deny the *Attorney General's Corrected Motion to Quash Syncora's Subpoena to Depose Attorney General Bill Schuette* [Docket No. 5285] and (ii) grant such other and further relief as the Court may deem just and proper.

Dated: June 18, 2014  
Houston, Texas

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**CERTIFICATE OF SERVICE**

I hereby certify that on June 18, 2014 the *Financial Guaranty Insurance Company's Joinder in Syncora's Response in Opposition to Attorney General's Motion to Quash Subpoena to Depose Attorney General Bill Schuette* was filed and served via the Court's electronic case filing and noticing system to all registered users that have appeared in the main Chapter 9 proceeding.

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**Exhibit 1**

**Letter from Attorney General to Judge Rhodes**



BILL SCHUETTE  
ATTORNEY GENERAL  
STATE OF MICHIGAN

June 10, 2014

The Hon. Steven W. Rhodes  
Eastern District of Michigan, Bankruptcy Court

Re: Attorney General Approval of DIA Settlement

To the Court:

The City of Detroit's Fourth Amended Bankruptcy Plan (Docket No. 4392) requires my approval of the DIA Settlement. Because the DIA settlement fully preserves the DIA's art collection for the people of Michigan, I am happy to approve the DIA Settlement.

Last June, as questions arose regarding the legal status of the DIA's art collection, I issued Attorney General Opinion #7272. In this opinion, I concluded: "The art collection of the Detroit Institute of Arts is held by the City of Detroit in charitable trust for the people of Michigan, and no piece in the collection may thus be sold, conveyed, or transferred to satisfy City debts or obligations."

Consistent with my conclusion, the DIA Settlement now requires that "the City shall irrevocably transfer the DIA Assets to DIA Corp., as trustee, *to be held in perpetual charitable trust*, and within the City limits, for the primary benefit of the residents of the City and the Counties and the citizens of the State." 4th Amended Plan, at 47 (emphasis added).

This result – a result made possible through the generous contributions of local and national foundations, the DIA, and the State of Michigan – is an excellent one. Nearly 130 years ago, the DIA began as a nonprofit corporation with the charitable purpose of the public display of art. As required by Michigan law, the DIA Settlement continues the museum's charitable purpose and thereby preserves Michigan's world-class art collection for current and future generations of Michigan citizens.

The City of Detroit's motto, emblazoned on the City's flag, states: "*Speramus meliora; resurget cineribus*." ("We hope for better things; it will arise from the ashes.") I approve the DIA Settlement.

Sincerely,

Bill Schuette  
Attorney General